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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000328

SIPDIS

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SUBJECT: CONSUL GENERAL'S FAREWELL CALLS ON SHANGHAI LEADERS

CLASSIFIED BY: Kenneth Jarrett, Consul General, U.S. Consulate General, Shanghai, Department of State.

REASON: 1.4 (b), (d)

11. (SBU) Summary: On August 14, the Consul General paid separate farewell calls on Shanghai Mayor Han Zheng, Shanghai Municipal People's Congress (MPC) Chairman Liu Yungeng and Chinese People's Political Consultative Conference (CPPCC) Shanghai Committee Chairman Feng Guoqin. Mayor Han noted the importance of the 2010 Shanghai World Expo and expressed his appreciation for the U.S. business community's contributions to Shanghai's development. Shanghai MPC Chairman Liu Yungeng emphasized the importance of listening to the people and the need to improve Shanghai's laws. CPPCC Chairman Feng expressed his appreciation for the United States' efforts to improve relations with China. He also voiced concern about the social problems Shanghai faces as a result of rapid economic development. End Summary.

Mayor Han: Shanghai Prepares for the 2010 World Expo

12. (SBU) In a farewell call by the CG, Mayor Han spoke positively about Shanghai's relationship with the United States. He thanked the Consul General for his efforts to bolster the relationship. Mayor Han particularly enjoyed attending the annual American Chamber of Commerce Government Appreciation Dinner. He will not be able to attend the dinner this year because of his commitment to attend the 2008 World Expo in Zaragoza, Spain. Since Shanghai will be hosting the 2010 World Expo, Mayor Han must lead a delegation to this year's World Expo before it concludes in mid-September. He originally had planned to visit the World Expo earlier in the summer but could not travel then because of the May earthquake in Sichuan.

13. (SBU) Mayor Han emphasized the importance of the World Expo to Shanghai and China and was confident that Shanghai would organize a good exhibition. Shanghai will likely receive even more than the projected 70 million visitors. Although Shanghai does not have enough hotel rooms, there are many hotels in nearby cities such as Suzhou, Hangzhou, and Wuxi. Because of the improvements in the highways and railways, as well as the new Hangzhou Bay Bridge, it is now easier and faster to get to Shanghai from these cities. The Mayor expressed confidence that the U.S. national pavilion would be a highlight of the Expo. The CG said the United States had the same hope. The fundraising effort was in full swing but the work was challenging. The Consulate wants to work closely with the Shanghai government on the U.S. national pavilion effort and welcomed their continued support. The Mayor asked about some specific U.S. companies and their interest in the World Expo.

SMPC: Focusing On the People

¶4. (SBU) In his meeting with the CG, Shanghai MPC Chairman Liu Yungeng said that the organization is focused on improving Shanghai citizens' quality of life. For example, that afternoon, he would visit a factory in the Baoshan district to meet with people at the grassroots level and learn more about their concerns. He confirmed that Shanghai MPC holds public hearings on draft legislation. Shanghai's laws are not perfect; more needs to be done to improve the laws in areas such as finance.

¶5. (SBU) Liu described the Shanghai MPC's four responsibilities. First, it drafts local laws and regulations. Second, it supervises the work of the municipal government. Third, it provides ideological direction to the government. Fourth, it oversees the process through which governmental leaders are appointed. The Shanghai MPC uses a "voting system" to select its own standing committee. Leaders must obtain enough votes to be elected to membership. (Note: This system is used by many local governments. The party submits a list of names in excess of the number of available positions, and those names that do not receive enough support are not appointed. End Note.

¶6. (SBU) According to Liu, the Shanghai MPC has three current priorities. First, draft laws to support Shanghai's economic development. Second, draft laws that improve the people's living conditions in Shanghai. This includes improving infrastructure and public security. To achieve this goal, the Shanghai MPC has visited other cities in the United States, South Korea, and Japan to study foreign "best practices" and seek ideas on how to improve Shanghai's local regulations. Finally, the Shanghai MPC is working to improve the rule of law, in both the economic and political sphere.

CPPCC's Feng on Bilateral Relations and Social Issues

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¶7. (SBU) CPPCC Shanghai Committee Chairman Feng Guoqin expressed his appreciation for the USG's efforts to improve U.S.-China relations, specifically highlighting President Bush's visit to Beijing for the Olympics. Feng told the CG that he was pleased that his August 14 meeting with the CG was his first official meeting with a Shanghai-based Consul General since he assumed office in early 2008. Committee Chairman Feng thanked the CG for the Consulate General's work to improve relations with city officials during the past three years.

¶8. (C) Feng voiced concerns that Shanghai's rapid economic development has created new problems for the city in terms of social issues. Municipal leaders would need to "change the management model" in order to address issues such as poor insurance coverage for workers and registration difficulties (under the "hukou" system) for migrant workers. Fixing the problems will require an "ideological transformation," Feng said. He also expressed concern that the pace of financial reforms is moving too slowly to meet the demands of Shanghai's rapid development.

Bio Note: Liu Yungeng

¶9. (C) We have not met with Liu before. He is very much an "old school" cadre. Born in 1947 in Zhoushan, Zhejiang Province, he began his career during the Cultural Revolution. He has spent most of his career within the Shanghai bureaucracy, including the Public Security apparatus. His big break seems to have been when he was appointed as the Deputy Secretary General of the Shanghai MPC CPC Committee when (recently deceased and former Standing Committee Member) Huang Ju was Shanghai's leader. He continued to work in the "public security" or "law and order" system (zhengfa xitong). Because of his background, he likely had strong ties to many members of the traditional Shanghai power structure led until 2006 by now disgraced and imprisoned Party Secretary Chen Liangyu. However, Liu has avoided involvement in the recent scandals. In this meeting, he conveyed

interest in promoting a more populist approach to governance.
JARRETT